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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

January 21, 1999



VIA HAND DELIVERY

Magalie Roman Salas, Esq.
Secretary
Federal Communications Commission
1919 M Street, N.W.,
Washington, DC 20554

Re: Deployment of Wireline Services Offering Advanced
Telecommunications Capability, CC Dkt. No. 98-147.

Notice of Oral Ex Parte Presentation

Dear Ms. Salas:

On Thursday, January 21, 1999, Peter Pitsch of Intel spoke with Kyle Dixon of Commissioner Powell's office. The discussion considered Intel's support for the agreement it reached with various telephone companies on regulatory principles designed to promote deployment of advanced telecommunications services, the importance of enabling CLEC competition by giving CLECs appropriate access to essential facilities and the importance of assuring that ILECs have strong incentives to deploy advanced telecommunications services by avoiding the imposition of unnecessary regulation.

In particular, Pitsch discussed (1) the importance of adopting reasonable terms of separation for the separate affiliate (such as those in 47 CFR 20.20) and (2) the benefits of not imposing unbundling regulation for advanced services electronics on an ILEC offering service on an integrated

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basis as long as that ILEC complies with the FCC's new rules regarding collocation and loop provisioning.

Regarding the separate affiliate option, Pitsch stated that if the separate affiliate requirements are unduly onerous, widespread deployment of advanced telecommunications services could be delayed in two ways. First, if few ILECs adopt a separate affiliate, the enforcement, compliance and deregulatory benefits of this approach will be limited. Second, if ILECs adopt a separate affiliate structure that significantly increases the costs of providing advanced telecommunications services, then those ILEC affiliates will quite probably choose to serve many fewer residential customers.

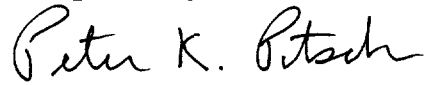
Regarding the option of offering advanced telecommunications service on an integrated basis, Pitsch stated that Section 251(d)(2) gives the FCC broad authority to determine that an ILEC's advanced services electronics need not be made available to its competitors, if it finds there would be no "impairment". Pitsch stated there is ample policy basis for the FCC to conclude that as long as the CLECs have access to essential facilities there would be no impairment. Under this approach, the FCC could require the ILECs to develop and submit a plan of compliance with its collocation and loop requirements. Upon submission, the ILEC would no longer be obligated to unbundle its advanced services electronics. Pitsch stated the FCC could determine that this presumption would be rebutted throughout the ILEC's territory if any interested party demonstrated that there was material non compliance in any local market. This approach would create a "carrot" and a "big stick" incentive for ILECs who chose to offer advanced telecommunications services on an integrated basis. This approach would also strengthen the incentive to deploy advanced telecommunications for those ILECs who chose not to adopt a separate affiliate.

Pitsch stated that if the FCC were to limit its efforts to create compliance and deployment incentives to those ILECs who choose to operate through a separate affiliate, it is adopting an unnecessarily risky strategy. This market is highly dynamic and uncertain. It is important that the FCC adopt a strategy that encourages both CLECs and ILECs to deploy advanced telecommunications services under a wide variety of possible scenarios.

Pursuant to Section 1.1206(b) of the Commission's Rules, an original and one copy of this letter are being submitted to the Secretary's Office and a

copy is being provided to each of the above referenced FCC personnel.
Please inform me if any questions should arise in connection with this filing.

Respectfully submitted,

A handwritten signature in black ink, reading "Peter K. Pitsch". The signature is written in a cursive style with a large, stylized 'P' and 'K'.

Peter K. Pitsch

cc: Kyle Dixon